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C O N F I D E N T I A L SECTION 01 OF 03 SUVA 000108

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TAGS: [PREL](#) [PGOV](#) [EFIN](#) [MARR](#) [PHUM](#) [ASEC](#) [FJ](#)
SUBJECT: FIJI UPDATE, FEBRUARY 14, 2007: EPG REPORT WILL
ASK BAINIMARAMA TO STEP DOWN; BAINIMARAMA DISINVITED FROM
MSG SIGNING CEREMONY; BROUHAHA OVER FIJI'S IMF STATUS

REF: SUVA 99

Classified By: Ambassador Dinger per 1.4 (B,D)

Summary

1. (C) PIF Secretary General Greg Urwin told us the EPG report on Fiji will ask Bainimarama to step down as interim PM. It will call for elections within 18-24 months, if not sooner. Urwin said the hope is that members of the interim government will convince Bainimarama to moderate his heretofore hard-line stance and accept the EPG requests. We understand that PNG President Somare has disinvited Bainimarama from an upcoming Melanesian Spearhead Group (MSG) signing ceremony. Bainimarama let Somare know of his displeasure but apparently has chosen not to force the issue. Interim Finance Minister Chaudhry accused Australia of trying to force Fiji out of the IMF. Australian High Commission contacts insist that is not true, but note that Australia has pushed the IMF to refrain from business as usual with the current regime. Australia successfully argued for the postponement of a planned high-level IMF mission to Fiji, but has no objection to a lower-level technical assistance visit.

EPG Report Will Ask Bainimarama to Step Down,
Call for Elections in 15-24 Months

2. (C) Pacific Island Forum (PIF) Secretary General Greg Urwin told the Ambassador February 14 that the Eminent Persons Group (EPG) report on Fiji should be finalized by 2/15. A PIF ministerial meeting is to follow, though date and place remain unclear. Urwin said the date appears to be slipping to early March, with Australia or Vanuatu the likeliest locations. Urwin said the EPG report will restate the PIF position that the military takeover was unconstitutional and will call for the following steps:

- Commander Bainimarama steps down from the role as interim Prime Minister. The military removes itself from politics and "goes back to the barracks."
- The interim government lifts the "State of Emergency";
- The interim government confines itself to actions consistent with the 1997 Constitution, such as improving education and public works;
- The human rights violations stop;
- The interim government commits to a roadmap wherein elections are held in 18-24 months, if not sooner. On the basis of such a commitment, the Forum would consider providing support for a census and elections;

--There is a clear de-linking of the interim government's "clean-up" campaign from preparation for new elections. If this is the case, the Forum will consider helping set up the proposed anti-corruption commission in Fiji.

13. (C) Urwin noted that while Bainimarama might not appear to be very amenable to the steps listed above, it is the EPG's impression that some members of the interim government are willing to use their influence to attempt to moderate the Commander's positions. Urwin noted that, in arranging the EPG schedule in Fiji, the military sometimes took an initial hard-line position but backed off when members of the interim government intervened. The EPG trip to Lau to see deposed PM Qarase is an example. After Urwin discussed the issue over a period of 10 days with interim Foreign Minister Nailatikau, Nailatikau eventually convinced the military that it was not in Fiji's interest to block the meeting.

PNG Disinvites Bainimarama From MSG Signing Ceremony

14. (C) The PNG High Commissioner to Fiji told the Ambassador February 14 that PM Somare directed a Foreign Secretary to Foreign Secretary communication to disinvite

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Commodore Bainimarama from an upcoming signing ceremony for an MOU on the structure and future role of the Melanesian Spearhead Group. Somare made clear: "I don't want Bainimarama there." Bainimarama reportedly replied directly to Somare, stating he took offense that Somare had not communicated the decision to him directly; but, Bainimarama said, he would honor Somare's request not to attend. Interim FM Nailatikau will do the signing.

Chaudhry Accuses Australia of Attempting

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to Throw Fiji Out of the IMF

15. (U) On February 12, Interim Finance Minister Chaudhry told the media that the Reserve Bank of Fiji had recently informed him Australia had tried to have Fiji thrown out of the IMF, but other nations wouldn't go along. Chaudhry said the action by Australia "raised serious questions about whether Australia is Fiji's friend or foe," and called it "an attack on Fiji sovereignty." Chaudhry said suspension from the IMF would have a drastic negative impact on Fiji's economy by restricting its ability to borrow.

16. (C) Late last week, a Fiji Reserve Bank official privately told us much the same story. The official said contacts at the IMF told her Australia tried to remove Fiji from the organization, but that the United States Executive Director (ED) had blocked it. An official at the Pacific Financial Assistance Center (PFTAC) an IMF-UNDP joint venture, told us he also heard this account from the Reserve Bank official. When he made a follow-up inquiry to IMF headquarters, IMF colleagues told the PFTAC official that the IMF legal department had looked into the issue of whether Fiji's interim government is "legitimate" or not. The impetus for the legal department's review, the IMF officials said vaguely, "may have come from Australia." If the legal department were to determine the Fiji interim government is not legitimate, then suspension from the IMF would be an option. The IMF reportedly determined, however, that the majority of its membership had accepted the legitimacy of the interim regime.

Australia Challenges an IMF Determination that the Fiji Regime is Legitimate

17. (C) The Australian Deputy High Commissioner here told us Australia never suggested Fiji should be suspended from the IMF. Acting on instructions from Canberra, the Australia ED to the IMF had argued that the IMF should not conduct "business as usual" with the interim regime, and that a

planned Article IV IMF mission to Fiji should be postponed. Australia also objected strenuously to an IMF staff determination (apparently by the legal department as noted above) that most IMF member countries had accepted the interim regime as "legitimate." The Deputy HC told us IMF staff had initially stated that only Australia and New Zealand questioned the legitimacy of the regime. After the Australian ED pointed out that the U.S., the UK, and the EU had all made statements against the takeover, IMF staff backtracked to the position that "the majority of IMF members" accept the legitimacy of the regime. IMF staff then agreed that the Article IV mission should not take place until the situation in Fiji stabilizes. A planned technical assistance mission to Fiji will go ahead as scheduled. Australia has no objection to that visit.

Comment: Will Bainimarama Listen to the EPG?
U.S. Position Should be Made Clear to the IMF

18. (C) The 18-24 month timeframe for a new election strikes us as far too long. The draft EPG paper also appears not to address Fiji's "coup culture" problem. Nevertheless, the draft, as described by Urwin, does hit important notes. It remains to be seen what approach PIF ministers will take toward their Fiji "brothers," though reports that both PNG and Vanuatu have become disillusioned with the interim government are somewhat encouraging. In any case, we remain very skeptical about Bainimarama's willingness to listen to international advice, even from within the Pacific region. The EPG recommendations would go against Bainimarama's strong desire not to have new elections, not to give up power, until in his view he has transformed Fiji so dramatically that Qarase and his SDL party could not win. We expect that even if Bainimarama gives lip service to PIF judgments, he will intend to drag out any timeline to fit his own comfort level. The key potential levers on Bainimarama are internal to Fiji, particularly the economy and intra-Fijian politics.

19. (C) We agree with the Australian position that international organizations like the IMF should not conduct business as usual with the interim regime. The postponement of the Article IV Mission to Fiji sends, we believe, an appropriate message. We do not oppose the technical assistance mission. We are concerned, however, about the

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IMF's characterization of the Fiji regime as "legitimate."
We suggest that Washington consider reminding the IMF of the USG firm stance that the Bainimarama regime remains illegal and illegitimate.
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